

Around Town with the Town Manager #3

As noted in my first column, I think of my primary job as being “guardian of the future.” Nothing is more worrisome than the fact that we live in a society that is “governed” by past decisions. Since we are not omniscient, our decisions today have a tendency to “limit our freedom of choices” in the future. Think debt. If we overspend today, we have to pay back what we overspent with interest tomorrow. This leaves us with less to have and use in the future.

As of June 30, 2009, the Town had outstanding debt supported by tax dollars of \$7,862,731. Debt service for FY 09, including interest of \$317,731, was \$893,151. Total interest remaining to be paid on the outstanding debt after FY 09 currently stands at \$2,838,610. Everything bought with that money was necessary, but imagine if the Town had saved for those expenses before making those purchases. Today’s tax rate could be about \$0.0225 cents less than current rates.

This brief summary provides some insight into the Town’s motivation to gain voter approval for its capital programs, which include: Transportation, Parks, Equipment, Technology, Communications, and Bridge Plans. Within the next two years, I anticipate asking the voters to approve a (new) Facilities Capital Program for maintenance of the Town’s sixteen buildings. We hope to reduce the funding for the Capital Equipment Plan and use those freed up funds to provide money for a new Facilities Capital Plan. It is our desire not to have to ask taxpayers for additional taxes to fund this new plan. All these plans include projected expenses necessary to preserve the Town’s assets (buildings, roads, vehicles, radios, etc.).

Equally important are the operating expenses consisting of salaries, benefits, electricity, paper, printing, grass cutting, books, radios, state permits, ambulance supplies, and many more operational items. The big items are employee salaries and benefits. The Town does not control health insurance, workers compensation or unemployment compensation costs. Salaries likewise are an item also subject to many factors outside the Town’s control and/or influence, such as union negotiations and arbitrator decisions. These are all common factors in town governing that we must deal with in order to maintain a standard level of services to our community. It is vital that we are able to uphold a high standard of living if we want to compete with other municipalities in order to attract and maintain a competent work force and/or fairness to economic realities. This sustainability has major impact on building Colchester into a vibrant and dynamic community.

As the Town’s Chief Financial and I look toward the Town’s fiscal future – citizens, Select Board and the Municipal Administration have a very large problem analyzing how to downsize our government if people want to limit our tax increases. As noted earlier, because we are not clairvoyant, we attempt to understand the future by creating a number of assumptions based on past experiences/policies. For example, if the Select Board continues its current policies to limit increased spending by the Town from zero to less than two cent increases and concurrently the health insurance premiums continue to rise along with workers compensation and unemployment insurance premiums, our best

estimates are that the Town will not be able to meet its obligations in a “status quo” environment. This means that maintaining the same level of quality and quantity of services – with no decreases in number of people employed and salary increases held to a minimum level – will be very difficult. The Town may have increasing shortfalls of over \$1 million dollars in each year through FY 2015.

On July 1st of this year we begin the planning processes for the FY 2012 Budget. Across the board budget cuts, in my opinion, will not work or be beneficial for the Town. We are already functioning at high efficient rate. Neither, will the Evergreen Report assumption of attrition work to meet or solve the above budget problems. The question for which we have no answers as we begin this budget process is how to assess an “equalized” value of services provided by the Town. For example, what is the value “ratio” between a Library service to assist children learning to read for their future and ambulance services to revive and sustain the life being transported to Fletcher Allen Hospital? Should the Town use “economic assumptions”, medical values, or other criteria in formulating a means to “equalize” the relative values of various Town services people have become used to expecting. Where do we balance the short term versus long term? We should not be reactive but proactive and find ways to plan in the best interest of the longevity of our Colchester community.

In summary, I have no doubt that the FY 2012 budget that I present to the Select Board next November will, as much as is humanly possible, minimize the request for a tax increase by reducing a number of services to the Town’s people. As residents begin to understand the assumptions used to construct next year’s budget along with the “values” used to cut services, the Town Manager will likely annoy or anger just about everybody in Town due to one type of cut or another. And so, here is my challenge to you: use this opportunity to force a Town-wide community discussion on what is or should be the vision for Colchester’s future.